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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**ANNUAL AUDITED REPORT**
FORM X-17A-5
PART III

OMB APPROVAL

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8- 13273

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 05/01/05 AND ENDING 04/30/06
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: GERBRO SECURITIES, INC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

427 BEDFORD ROAD

(No. and Street)

PLEASANTVILLE

(City)

NY

(State)

OFFICIAL USE ONLY

FIRM I.D. NO.

2006

DIVISION OF MARKET REGULATION
10570

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

JAMES GERBRO914-741-2022

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MICHAEL S. SETTLER CPA PC

(Name - if individual, state last, first, middle name)

PO Box 307

(Address)

PLEASANTVILLE

(City)

NY

(State)

10570

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

PROCESSED

SEP 22 2006

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FINANCIAL**FOR OFFICIAL USE ONLY**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, JAMES GERBER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GERBERD SECURITIES INC, as of APRIL 30, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

James Gerber
Signature

PRESIDENT

Title

Stephen Malloy
Notary Public

STEPHEN MALLOY
Notary Public, State Of New York
No. 01MA6068277
Qualified in Westchester County
My Commission Expires 12/31/07

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

MICHAEL S. SETTLER, C.P.A., P.C.

Certified Public Accountants

PO BOX 307

PLEASANTVILLE, NY 10570

PHONE: 914-769-7650 EXT.2 #

FAX: 914-769-0621

EMAIL: SETT2@AOL.COM

Michael S. Settler, CPA

Steven R. Bortniker, CPA

Ed Zajackowski, CPA

Addy Silvestri

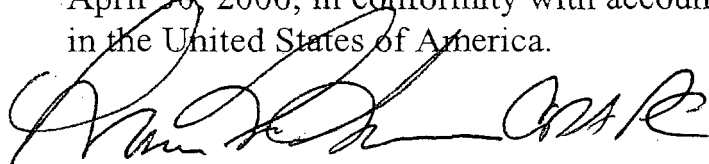
Marie Wayne

Gerbro Securities, Inc.

We have audited the accompanying consolidated statement of financial condition of Gerbro Securities, Inc., (the Company) as of April 30, 2006, and the related statement of income, changes to stockholders' equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1984. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards generally require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gerbro Securities, Inc., at April 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink, appearing to read "Michael S. Settler CPA PC", is written over the printed name and date.

Michael S. Settler, CPA, PC

July 26, 2006

Gerbro Securities, Inc
Statement of Changes in Stockholders' Equity
for the Year Ended April 30, 2006

	Capital Stock		Additional Paid-In Capital	Unrealized gain on securities	Retained Earnings	Total Stockholders' Equity
	Preferred	Common				
	Shares	Amount				
Balance at April 30, 2005	-	\$49,119	\$40,000	\$28,605	\$11,971	\$129,695
Net income/ (loss)					\$ 247	\$247
Purchase and retirement of preferred shares						
Dividends on preferred stock						
Net purchase of common shares for Treasury						
Balance at April 30, 2006	<u>\$0</u>	<u>\$49,119</u>	<u>\$40,000</u>	<u>\$28,605</u>	<u>\$12,218</u>	<u>\$129,942</u>

COPY

NASD



VIA CERTIFIED MAIL «7002 2410 0000 6572 3764»

July 17, 2006

James Gerber
Gerbro Securities, Inc.
427 Bedford Rd
Suite 270
Pleasantville NY 10570

Dear Mr. Gerber:

This acknowledges receipt of Gerbro Securities Inc.'s April 30, 2005 annual filing of audited financial statements made pursuant to Securities Exchange Commission (SEC) Rule 17a-5(d). The report as submitted appears to contain the following deficiencies:

An Accountant's Opinion(s) which covers all of the statements and schedules filed except for the SIPC Supplemental Report and the material inadequacies report pursuant to SEC Rule 17a-5(e)(1)(i).

Statement of Changes in Stockholder's Equity or Partner's or Sole Proprietor's Capital pursuant to SEC Rule 17a-5(d)(2).

Based on the above, your filing does not comply with the requirements of the Rule. The text of the Rule is reproduced in the *NASD Manual* under the section title *SEC Rules & Regulations T*. We urge you to review the Rule with your independent accountant.


Pursuant to the provisions of NASD Rule 8210, we request that you send one copy of each item(s) listed above to this office and to the appropriate SEC regional or district office, and two copies to the SEC Washington, DC office. Your submissions must include a new completed Form X-17A-5 Part III Facing Page, a copy of which is enclosed for your convenience.

Annual Audit Deficiency Letter
July 17, 2006
Page 2 of 2

Gerbro Securities, Inc
CRD# 001989

Please respond to this matter by July 31, 2006. Questions may be addressed to Elena Villar, Senior Compliance Examiner, at (732) 596-2055.

Sincerely,



Catherine Dunn
Staff Supervisor

CD/ev

Enclosure: Form X-17A-5 Part III Facing Page

cc: Tom McGowan, Assistant Director
Office of Financial Responsibility
Securities and Exchange Commission
Division of Market Regulation
450 5th Street, NW
Washington, DC 20549

Michael Settler, Certified Public Accountant
P O Box 307
Pleasantville, NY 10570

Elena Villar, Senior Compliance Examiner